

Message Text

CONFIDENTIAL

PAGE 01 LONDON 06146 161844Z

72

ACTION EUR-25

INFO OCT-01 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SP-03

STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 DODE-00

PM-07 H-03 L-03 NSC-07 PA-04 PRS-01 SS-20 USIA-15

DRC-01 /157 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0434

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 06146

E.O. 11652: GDS

TAGS: UK, EEC, PFOR

SUBJECT: EC RENEGOTIATION: INTERNAL CABINET DYNAMICS

1. SUMMARY: MANEUVERING WITHIN CABINET OVER FORMULATION
OF EC RENEGOTIATION POSITIONS IS INCREASING IN INTENSITY.
OUTCOME REMAINS IN DOUBT BUT BALANCE OF ADVANTAGE APPEARS
TO BE TILTING MARGINALLY TOWARDS PRO-MARKETEERS. END
SUMMARY

2. POLITICAL ADVISER TO PROMARKET MEMBER OF CABINET
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PAGE 02 LONDON 06146 161844Z

HAS PROVIDED EMBOFF WITH USEFUL INSIGHT INTO CURRENT

INFIGHTING OVER FORMULATION OF THE RENEGOTIATION TERMS UK WILL PRESENT TO EC PARTNERS NEXT MONTH. ACCORDING TO SOURCE, PETER SHORE AND TONY BENN HAVE BECOME INCREASINGLY TROUBLESOME IN THEIR EFFORTS TO STIFFEN UK DEMANDS AND TO COMPLICATE RENEGOTIATION PROCESS. AS MEMBERS OF CABINET'S EUROPEAN STRATEGY COMMITTEE, THEY REPEATEDLY RAISE NEW POINTS THAT REQUIRE ADDITIONAL STUDY. UNFORTUNATELY FOR THEM, HOWEVER, IN ARGUING THEIR CASE, THEY FREQUENTLY ARE OBLIGED TO DISSOCIATE THEMSELVES FROM THE STUDY PAPERS OF THEIR OWN MINISTRIES, AND TO PRESENT SEPARATE SUPPLEMENTARY PAPERS GIVING THEIR PERSONAL VIEWS. SOURCE SPENDS MUCH OF HIS OWN TIME HAPPILY DEMOLISHING WHAT HE CONSIDERS FAULTY LOGIC OF BENN/SHORE PRESENTATIONS.

3. AS STRATEGY COMMITTEE GRAPPLES WITH INTRICATE DETAILS OF RENEGOTIATION, SOURCE DETECTS A SHIFT OF SENTIMENT TOWARDS REMAINING IN EC. MOST NOTABLE DEFECTION FROM RANKS OF ANTI-MARKETEERS HAS BEEN AGRICULTURE MINISTER FRED PEART, WHOSE CHANGE OF HEART HE DESCRIBED AS EMBARRASSINGLY SWIFT AND DRAMATIC. APPARENTLY THE SUCCESS OF HIS INITIAL EXPERIENCE WITH EC NEGOTIATIONS IN MARCH HAS GONE TO HIS HEAD. ACCORDING TO SOURCE, PEART "STUCK IN HIS THUMB AND CAME UP WITH A PLUM -- A PLUM THAT HAD BEEN PLANTED THERE."

4. SOURCE WAS CRITICAL OF CALLAGHAN'S ROLE. HE EXPRESSED OPINION THAT CALLAGHAN WOULD REMAIN UNCOMMITTED UNTIL OPINION IN THE PARTY HAD TAKEN FIRM SHAPE. HE CONCEDED, HOWEVER, THAT CALLAGHAN WOULD BE INFLUENCED NOT ONLY BY INTERNAL PARTY CONSIDERATIONS, BUT ALSO BY EXIGENCIES OF UK'S INTERNATIONAL RELATIONS.

5. IN RESPONSE TO QUESTION BY EMBOFF, SOURCE STATED THAT TO BEST OF HIS KNOWLEDGE CONSIDERATION OF POSSIBLE US INTEREST IN OUTCOME OF EC RENEGOTIATION HAD THUS FAR NOT FIGURED AT ALL IN CABINET DELIBERATIONS.

6. COMMENT: PRO-MARKETEERS HAVE BEEN CONSOLING THEMSELVES WITH THE HOPE THAT, ONCE CONFRONTED WITH THE REALITIES
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PAGE 03 LONDON 06146 161844Z

OF RENEGOTIATION, ALL BUT THE MOST DIE-HARD ANTI-MARKETEERS IN THE CABINET WILL GRADUALLY COME TO ACCEPT THE DESIRABILITY OF BRITAIN'S REMAINING IN THE EC ON WHATEVER NEW TERMS CAN REASONABLY BE OBTAINED. SOURCE'S OBSERVATIONS CLEARLY REFLECT AND REINFORCE THIS EXPECTATION. THEY DO NOT, HOWEVER, TAKE ACCOUNT OF WHAT IS TO BE DONE TO OVERCOME STRONG ANTI-EC SENTIMENTS OF OVERWHELMING MAJORITY OF LABOR PARTY ACTIVISTS. FORCEFUL

LEADERSHIP WILL BE REQUIRED TO TURN THE TROOPS AROUND,
AND WILSON'S TRACK RECORD IN THIS RESPECT HARDLY EN-
COURAGES MUCH CONVICTION THAT HE WILL PROVIDE IT.

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